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01-AFC-1

August 20, 2002

CALIF ENERGY COMMISSION

Ms. Theresa Epps
Dockets Unit
California Energy Commission
1516 9th Street
Sacramento, CA 95814

AUG 20 2002

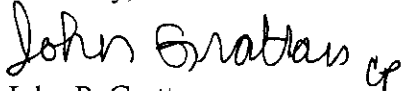
RECEIVED IN DOCKETS

RE: The Rio Linda / Elverta Project (01-AFC-1)

Dear Ms. Epps:

Enclosed for filing with the California Energy Commission are one original and 12 (Twelve) copies of the **Applicant's Status Report dated August 20, 2002, regarding the Rio Linda / Elverta Project (01-AFC-1).**

Sincerely,



John P. Grattan
on behalf of
FPL Energy Sacramento Power, LLC

JPG/cp
Enclosures

...admin\FPL-Rio Linda\Dockets\Cover 8-20-02

FPL Energy Sacramento Power, LLC
700 Universe Boulevard, Juno Beach, Florida 33408
Phone: (561) 691-7099 Facsimile: (561) 691-7307

August 20, 2002

Commissioner Arthur Rosenfeld, Presiding Member
Commissioner James Boyd, Associate Member
Rio Linda/Elverta Power Plant Siting Committee
California Energy Commission
1519 Ninth Street
Sacramento, CA 95826

Status of the Rio Linda/Elverta Power Project Application 01-AFC-1

Dear Commissioners Rosenfeld and Boyd,

On September 21, 2001 the Committee suspended scheduling on the Rio Linda Power Project pending responses to staff's data requests, supplemental material for the AFC, and a PDOC from the Sacramento Metropolitan Air Quality Management District (SMAQMD). The project team prepared the supplemental AFC and responses to staff's data requests. These documents were not filed with the Energy Commission pending resolution of the PDOC.

As was known from the start of the project, the availability of Emission Reduction Credits (ERCs) in the Sacramento Non-Attainment region is severely limited. This problem was compounded by several power projects looking to acquire ERCs at the same time. The use of ERCs from nontraditional sources is critical for projects in this market. Two projects, SEPCO and Sutter, had previously been licensed by the CEC using ERCs derived from the permanent cessation of burning on agricultural land. Because of the success of these projects, FPLE also chose to rely on this type of ERC for mitigation purposes.

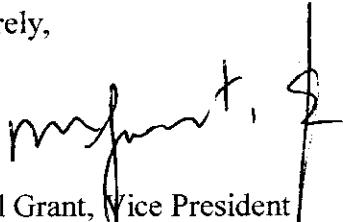
While working with SMAQMD to resolve outstanding issues with the PDOC, the amount of agricultural ERCs which would ultimately be approved by the US EPA came into question. Knowing with a high degree of certainty that EPA would not comment favorably on the PDOC, neither FPLE or SMAQMD were anxious to proceed. At the same time, without a PDOC to comment on, EPA had no regulatory deadline in which to act.

In the months since the scheduling suspension, discussions with EPA have led to oral understandings on how to account for ERCs from rice straw burning. No decisions have been made on other crops which are also crucial to the offset package. A substantial amount of work remains to be done.

With no foreseeable date to resolve the ERC issue, an unfavorable electrical market, and significant opposition from a segment of the community, FPL Energy hereby withdraws its Application for Certification (01-AFC-1) from the CEC. We continue to believe that locating a natural gas generation project in the northern Sacramento region will be necessary and beneficial at some point in the future. Moreover, we are not abandoning the possibility of this project moving forward at some future time when circumstances are more favorable to its success. Thank you for your cooperation and patience in processing this application over the last two years. We look forward to working with the Commission and staff on other generation projects.

If you have any questions, please do not hesitate to call me at (561) 691-7099.

Sincerely,

A handwritten signature in black ink, appearing to read "Derrel Grant", with a vertical line extending upwards from the end of the signature.

Derrel Grant, Vice President
FPL ENERGY SACRAMENTO POWER, LLC

STATE OF CALIFORNIA

State Energy Resources
Conservation and Development Commission

In the Matter of:

Application for Certification for the FPL
Energy Sacramento Power, LLC Rio
Linda/Elverta Power Project (Rio Linda)

DOCKET NO. 01-AFC-1

PROOF OF SERVICE

I, Carole Phelps, declare that August 20, 2002, I deposited copies of the attached **Applicant' s Status Report dated August 20, 2002, regarding the Rio Linda / Elverta Project (01-AFC-1)** in the United States mail at Sacramento, CA with first class postage thereon fully prepaid and addressed to the following:

DOCKET UNIT

Send the original signed document plus the
required 12 copies to the address below:

CALIFORNIA ENERGY COMMISSION
DOCKET UNIT, MS-4
Attn: Docket No. 01-AFC-1
1516 Ninth Street
Sacramento, CA 95814-5512

* * * *

Also send individual copies to:

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California Department of Conservation
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James F. Davis
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Sacramento, CA 95814

I declare under penalty of perjury that the foregoing is true and correct.


Carole Phelps